

Message Text

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53

ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02

PRS-01 SIL-01 LAB-04 FTC-01 /113 W
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R 061950Z JUN 75

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 7879

INFO AMEMBASSY CARACAS

UNCLAS PORT OF SPAIN 1388

E.O. 11652: N/A

TAGS: ENRG EINV TD

SUBJECT: GOTT NAMES NEGOTIATORS TO ACQUIRE PARTICIPATION IN TEXACO.

REF: POS 1359

SUMMARY. TRINIDAD GOVERNMENT HAS NAMED A FIVE-MAN TEAM TO NEGOTIATE WITH TEXACO TO ACQUIRE GOVERNMENT PARTICIPATION IN THE OPERATIONS OF TEXACO TRINIDAD INCORPORATED. A SECOND-FIVE-MAN TEMA (WITH TWO OF THE SAME MEMBERS) HAS BEEN NAMED TO PREPARE AMENDED LEGISLATION TO ESTABLISH A NATIONAL OIL COMPANY WHICH WOULD HAVE JURISDICTION OVER AND COORDINATING AUTHORITY FOR ALL GOVERNMENT INVESTMENT IN HYDROCARBONS AND HYDROCARBON-BASED INDUSTRIES. THUS FAR NO COMMENTS OR REACTION HAVE BEEN RECEIVED FROM THE FOREIGN FIRMS LIKELY TO BE AFFECTED BY THESE MOVES. END SUMMARY.

1. FORMATION OF A FIVE-MAN TEAM TO NEGOTIATE "GOVERNMENT'S PROPOSED SHARE IN THE OPERATIONS OF TEXACO TRINIDAD INCORPORATED" WAS ANNOUNCED FOLLOWING JUNE 4 CABINET MEETING. (TEXACO TRINIDAD INC. IS INCORPORATED IN THE UNITED STATES, AND IS UNCLASSIFIED

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WHOLLY-OWNED BY TEXACO INC.) HEAD OF THE TEAM IS BERNARD

PRIMUS, CHAIRMAN OF THE GOTT'S INDUSTRIAL DEVELOPMENT CORPORATION AND ALSO CHAIRMAN OF THE TRINIDAD-TESORO PETROLEUM CO. LTD., THE LATTER A JOINT VENTURE BETWEEN THE GOTT (50.1 PERCENT) AND THE U.S.-BASED TESORO PETROLEUM CORPORATION (49.9 PERCENT). OTHER MEMBERS OF THIS TEAM ARE MERVYN DE SOUZA, AN INSURANCE ACTUARY AND CHAIRMAN OF A LARGE LOCAL INSURANCE COMPANY; QUEEN'S CONSEL HERMAN BESSON OF THE ATTORNEY GENERAL'S OFFICE; OVID FERNANDES, SPECIAL ADVISER TO THE MINISTER OF PETROLEUM AND MINES; AND PHILIP ROCHFORD, MANAGING DIRECTOR OF THE GOTT-OWNED NATIONAL COMMERCIAL BANK. (ROCHFORD HAD PREVIOUSLY BEEN NAMED THE GOTT'S NEGOTIATOR OF THE RECENT ACQUISITION OF TEXACO'S DOMESTIC MARKETING NETWORK. ALTHOUGH NOT CLEAR IN THE GOTT'S STATEMENT, IT NOW APPEARS THAT THESE NEGOTIATIONS MAY BE COMBINED WITH THE NEGOTIATIONS FOR A SHARE OF ALL OF TEXACO'S OPERATIONS IN TRINIDAD.)

2. A SECOND FIVE-MAN TEAM WAS ALSO ESTABLISHED BY THE GOTT-- THIS ONE WITH A WIDE MANDATE TO DRAFT LEGISLATION TO AMEND AN UNIMPLEMENTED 1969 LAW CALLING FOR ESTABLISHMENT OF A NATIONAL OIL COMPANY. THIS COMPANY WOULD HAVE JURISDICTION OVER ALL GOTT INVESTMENT IN HYDROCARBONS, INCLUDING WHOLLY-OWNED INVESTMENTS SUCH AS TRINTOC, THE NATIONAL PETROLEUM MARKETING COMPANY, AND THE YET-TO-BE ESTABLISHED NATIONAL GAS PIPELINE COMPANY. IT WOULD ALSO HAVE COORDINATING AUTHORITY FOR GOTT SHAREHOLDING IN JOINT VENTURES SUCH AS TRINIDAD-TESORO, THE TRINIDAD NITROGEN COMPANY LTD. (WITH W. R. GRACE), THE TEXACO PETROCHEMICAL PLANTS; FOR THE GOTT SHARE IN VARIOUS OIL CONCESSIONS AND PRODUCTION-SHARING CONTRACTS; AND FOR THE GOTT'S "PROPOSED SHARE" IN W. R. GRACE'S EXISTING FERTILIZER PLANT (FEDERATION CHEMICALS LTD.), IN TEXACO TRINIDAD INC., AND ANY OTHER PETROLEUM INVESTMENTS. IN ADDITION TO BERNARD PRIMUS (ALSO HEAD OF THIS TEAM) AND OVID FERNANDES, MEMBERS OF THE SECOND TEAM ARE JOS SCOON, CHAIRMAN OF THE GOTT DEVELOPMENT FINANCE COMPANY; KAMLA BHOOLAI, LEGAL ADVISER IN THE MINISTRY OF PETROLEUM AND MINES; AND R. GENE THOMAS, PETROLEUM CONSULTANT, ENTREPRENEUR, AND FORMER SENIOR OFFICIAL IN THE MINISTRY OF PETROLEUM AND MINES.

3. COMMENT: SEE REFERENCES CITED IN REFTTEL FOR BACKGROUND
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TO GOTT'S PLAN TO ACQUIRE PARTICIPATION IN ALL PHASES (REFINERY, PRODUCING FIELDS, MARKETING, ETC.) OF TEXACO'S INVESTMENTS IN TRINIDAD. NAMING OF THESE TEAMS UNDERSCORES GOTT'S INTENTION TO EXERT CONTROL OVER, AS WELL AS OBTAIN PARTICIPATION IN, ALL INVESTMENTS IN PETROLEUM, PETROCHEMICALS AND FERTILIZER IN TRINIDAD. EVEN THOUGH MOST TEAM MEMBERS HAVE ALREADY BEEN INVOLVED WITH JOINT-VENTURE CONTRACTS, BUY-OUT NEGOTIATIONS, ETC. ON BEHALF OF GOTT, PROCESS OF DRAFTING EFFECTIVE NEW

LEGISLATION (TO SAY NOTHING OF NEGOTIATING WITH TEXACO) IS
LIKELY TO BE QUITE LENGTHY. (AT THE MOMENT, ONE KEY
MEMBER OF BOTH TEAMS -- SPECIAL ADVISER OVID FERNANDES --
IS IN CHINA AS PART OF GOTT'S OIL MISSION TO THE PRC.)
THUS FAR, THERE HAS BEEN NO PUBLIC REACTION WHATSOEVER TO
ANNOUNCEMENT OF THE TEAMS' FORMATION, EITHER FROM TEXACO OR ANY
OTHER OF THE FOREIGN INVESTORS LIKELY TO BE AFFECTED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, INVESTMENTS, STATE ENTERPRISES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PORTO01388
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750199-1189
From: PORT OF SPAIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750673/aaaacpcg.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 POS 1359
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 28 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 FEB 2003 by PhilliR0>; APPROVED <02 FEB 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOTT NAMES NEGOTIATORS TO ACQUIRE PARTICIPATION IN TEXACO.
TAGS: ENRG, EINV, TD, TEXACO TRINIDAD INC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006